

City Council Special Called Meeting - 11/28/2012

>> good afternoon.

I'm austin mayor lee
leffingwell.

A quorum is present so I'll
call this special meeting of
the austin city council to
order on november 28th,
2012.

We're meeting in the council
chambers, austin city hall,
301 west second street,
austin, texas.

We have two items on the
agenda for today.

And for purposes of citizen
input, we have combined both
of those items.

So if you signed up on
either one, you will be
speaking on both.

So without objection,
council, we'll go ahead and
take public input before we
address items 1 and 2 in
order.

First speaker is gus pena.

Gus pena?

Jim o'quinn.

Dave porter.

Welcome, you have three
minutes.

>> Councilmembers, dave
porter with the austin
greater chamber.

First of all I want to say
thank you for supporting
your previous incentive
deals.

This is the third one that
we have brought to you this
year and we appreciate your
previous support on all the
economic development deals.

Like all previous deals,
this one is again a net
positive financial impact on
the city, bottom line of
8 million net after the
incentive over the 10-year
period.

Visa, should they select
austin, and I want to stress
that this is still a very
competitive situation, but
should they select austin
they'll bring 800 good
paying jobs, average wage
over 90,000.

The lowest 10% wage is over
60,000 so this is a great
project and will be a great
win for austin and we would
greatly appreciate your
support next week when you
take action on this.

Thank you.

>> Mayor Leffingwell:
Thank you.

Before we go to the next speaker I think it would be best if we had a brief staff presentation on this.

>> Thank you, mayor, city counl.

Kevin johns, director of economic growth and redevelopment services.

With us today representing vees are brad buyers, head of real estate and facilities, nancy clay balk, the global hr director and anne hart, principal in hickey and associates.

For this special called meeting today the purpose is to present background on the economic development proposal and the schedule for the future city council meetings, provide an overview of visa, provide a background on the matrix criterion score, also the loci impact analysis and lastly an overview of the agreement itself.

So what is being considered is an economic development agreement with vees corporation to establish a -- visa corporation to establish a global it center and the economic proposals being presented here today at this special called meeting and then a regular meeting on december 6th to

have a public hearing and to make a recommendation.

>> So a little background on visa.

I think that everybody knows that it's an american multinational finance service corporation.

They're the inventor of the debit card.

The company is a 36-year-old company headquartered in california.

There are a global payments technology company that connects consumers, businesses, banks and governments in 200 countries.

The company has 18 u.s.

Locations and 70 global locations.

Vees has been the worldwide sponsor of the olympics thins 1986 and is in sponsorship with the nat paraathletics.

A development proposal, there are these five components that you see.

The overall and fiscal impact, linkages to the economy, the character of job and labor forces, quality of life and cultural vitality issues, and then

the analysis by the loci
cost benefit tool.

In summary, the company
scored 90 out of 100, which
represents visa increasing
its austin presence by
renovating 175,000 existing
square foot facility for its
global i.t. center.

This investment will result
in 794 new jobs over the
next five years.

They offer a comprehensive
benefits package including
domestic partner benefits.

The loci analysis concluded
that there would be a
8-million-dollar net new
positive result.

This is after the incentive
is included, 6.8 million.

The economic development
proposal benefits are
illustrated in this slide.

Basically it is 794 new
full-time jobs, a combined
7
and 8.7, about \$27 million.

8-Million-dollar cash
positive investment.

The company offers a
comprehensive health care
benefits and it would locate
in the desired development
zone.

So the contractual obligations to visa, their performance obligations are they would establish a global it center in austin, they would invest 7 million in real property improvements.

7 Million in business property.

794 New jobs would be created with an average salary of \$113,000.

They would work with local minority chambers of commerce to expand the pool of diverse candidates and employment recruitment efforts.

It would abide by the supplier diversity policy and they would of course comply with the standards and principles of the city's ordinance for mwbe.

Contractual obligations for the city of austin would be to provide a 10-year performance-based economic development grant equal to \$250 per job.

The estimated value of the 5 million over the duration of this performance agreement.

The city is not obligated to make a grant payment for any year in which the company

would fail to meet the performance measures.

So the next steps would be for the city council to set the public hearing date, which is currently anticipated for december 6th.

The information is online, but we would accept online public comments to city COUNCIL BY DECEMBER 3rd.

And lastly the public hearing would be held on december 6th.

-- December 6th.

If you have questions i would be delighted to do that.

>> Questions for staff or we have representatives of visa here if you would like to ask them a question.

Otherwise we can go to our speakers.

And the next speaker is paul robbins.

>> Council, I'm really having a hard time parsing this math.

I keep hearing the incentive of \$250,000 per new job.

When I look at it it's \$2,000 total.

If only the jobs in austin are looked at, it's \$2,900 per job.

If you add in the state money it will be \$15,000 in investment spent per local job created.

Another thing about this -- that's what I understand.

The explanation is not very defined.

Another thing I'm having a hard time with about this proposal is it will not help the austin independent school district.

This site is in the round rock school district.

What is really worrky to me is the unanalyzed cost.

The austin independent school district recently calculated that over the next five years there will be a 1,500-dollar increase in taxes, rates and fees for the average austin home.

With the passage of the new hope, that's another \$100.

So some of this increase is due to inflation, but some of it is linked to growth.

In 2011 austin had the highest average housing cost of all 47 regions in texas.

Austin also has the highest fair market rent in texas.

It also has the highest water cost of the top 10 texas cities.

How much more affordable is austin going to become with this kind of unsustainable growth?

This kind of affordability analysis is something not done by the chamber of commerce, who seems tone deaf to affordability issues.

One last point.

In one case I actually supported development incentives of a solar company.

I did it to support a struggling industry and to encourage a positive image of austin.

I want austin to be renowned as a city that tries to make the world a better place.

Credit transactions and race cars are not at the top of this pyramid.

Good afternoon.

[Applause]

>> Mayor Leffingwell: And with reference to the austin independent school district

comment, I'd remind everyone that a large part of the round rock independent school district is inside the city of austin.

Clay dafoe.

>> Thank you, sir.

My name is clay dafoe, former candidate for mayor of austin, investigative journalist on 10.5 f.m.

We've now expanded to austin.

This right here is corporate crime at its best.

I'm sick of it, sir.

What about small business?

What about the people that actually live and work in austin and the people that are long-time austinites?

Just like your giveaways to apple, nine million dollars to apple.

Round rock isd tax money, they're getting our tax money.

Formula one, another bailout you guys did a real bang up job of.

(Indiscernible) renewables, the spanish utility company, the fourth largest company in the world that you just

gave what was it,
450 million over five years?

Do you have the right to
determine the future of this
city and the future of
business development in
austin?

I don't think that's your
duty.

Your duty is our
representatives, elected,
honorable,
please look at me if you
dare.

It's to protect our rights
and I think you guys have
forgotten that.

I hear 794 jobs by this
kevin john whose I see often
down here.

I'm sure he has a great
salary here.

\$27 Million he says will be
generated.

These jobs are median
\$115,000 a year.

Let me remind you, ladies
and gentlemen, the median
salary today in the united
states of america is about
\$30,000.

These are not your average
paying jobs here.

Brad meyers and anne harts,
stop your criminal theft

from me and everyone that
lives here in austin, texas.

We're sick of it and we're
not going to take it light
lie.

And you will be publicly
shamed for what you're doing
currently.

Austin is losing.

We are losing the business
battle.

Yes, we're losing to
san antonio, believe it or
not.

More laid back city than
austin.

San marcos, we're losing to.

We're losing to dennison
texas, tyler texas, and yes,
we're even losing to dallas
of all places.

So this shirt I bought from
planet k which is a long
time small business here in
austin.

Where is their two million
mayor
leffingwell?

Can you answer that
question?

Well, real weird austin
business does not want your
filthy blood spoiled money.

These tax-pair funded
federal reserve notes which
are based on debt, your
house of cards will
collapse.

Stop your criminal theft.

Ask hard questions.

I want to see you vetting
these claims of 794 jobs.

That's your duty to protect
our rights.

I don't see that happening.

Keep austin corporate.

Keep austin corporate.

Keep austin corporate, keep
austin corporate, keep
austin corporate.

As your /the
city/constituent I instruct
each and every one of you to
vote no on item 1 and 2
today.

Thank you.

>> Mayor Leffingwell: Next
SPEAKER IS will McCloudy.

>> To answer paul robbins'
question about the chamber
of commerce, the chamber of
commerce doesn't care about
the little guy, they care
about realtors and special
interest groups.

Now, visa, let me tell you a little bit about visa.

A lot of people have debit cards.

Some people have credit cards.

Here's my card collection.

Let's see, I've got my id, I've got my target credit card, I've got my haveler row card.

I have a mastercard out of a credit union from san antonio.

An at and t universal rewards card, allied bank, mastercard and a couple of bus passes, acevedo's card and a medicare card.

I don't see a visa in here.

Not many banks issue visa cards.

In fact, speaking of target, you can't get a target visa card anymore.

Why?

Because their processing fees are so high.

Now, if we're going for move them into austin they're coming from california.

Isn't california trying to tax people who are leaving

the state of california and
take over by eminent domain?

I don't want to become part
of that because if visa does
that we will be paying for
california's debt.

We are rolling off the
fiscal cliff.

Y'all need to wake up
because we roll off the
fiscal cliff, where's the
money going to come from?

And these jobs, you think
they're going to go to high
school graduates from
memorial -- east side
memorial high school?

No!

They're going to go to
wealthy, well off, maybe
students that will go
out there and work.

Etcetera not helping the
poor.

It's not helping the
homeless.

Y'all wanted to tax the
homeless.

Y'all can't do that in the
state of texas because the
sales tax is capped at
8.25%.

Get that out of your head.

What you need to do to
improve the housing and make
austin a liveable city is
vote no on this visa u.s.a.

And other forms of corporate
welfare.

Where's the money going to
come from?

Because guess what, you'll
want to put it all on the
austin energy electric bill.

Remember 10-1, remember what
happened with 10-1?

We can do that with austin
energy.

We can actually abolish
austin energy and let it be
sent back to the voters and
let the voters choose and
decide what electric
provider they have.

And then you will really be
off a fiscal cliff.

I mean, that's food for
thought right there.

, I'm sorry, but
we should not be giving you
handouts.

You make a lot of money, you
don't need our money.

I'd rather see the two
million dollars go to small
businesses and more
importantly the poor.

We want to help with
homeless and housing.

We're not doing that by
giving corporate welfare out
in round rock.

Round rock school district
limits.

I don't think so.

Vote no, please.

[Applause]

>> Mayor Leffingwell:
Aaron chappell.

>> I'm aaron chapel from the
labor's union.

I have others here with me.

Hopefully we can cut down on
the number of speakers that
way as well.

We're very happy today after
yesterday's actions at the
county commission and of the
special incentives committee
to consider low wage,
especially construction
workers that are involved in
these deals and set minimums
for wages and for safety and
training opportunities for
those workers.

We just encourage you, this
looks like a good deal in
many ways, but to consider
those recommendations or to
just get those passed before
this deal is approved so

that -- we're looking at
7 million of
construction or
improvements, real property
improvements assessed,
smaller than in some deals,
but certainly the workers
involved in that piece won't
be making the six figure
salaries and would greatly
appreciate the minimums and
the opportunities that were
recommended yesterday.

So we encourage you to move
on those as soon as
possible.

Thanks a lot again to
councilmember martinez and
the members of that
committee as well as the
folks in the working group,
the chamber, the contractors
associations.

We really appreciate
everybody's work on that.

>> And as a final note, part
of those recommendations --

>> are you signed up to
speak?

>> I'm sorry.

>> Thank you.

>> Next speaker is phillip
la honor.

>> My name is phillip la
honor and I represent the
electricians union here in
austin.

And I want to thank mike councilmember martinez and tovo, morrison for their efforts to raise the poverty levels here in austin up to somewhat of a giving wage and just hope -- a living wage and hoping that you guys continue to progress and vote for the incentive package here coming up soon.

Thank y'all very much.

>> Mayor Leffingwell:
Thank you.

Laura presley?

>> Thank you, council and mayor, for having this hearing.

I am vehemently against this incentive.

And I want to be clear.

If you could please answer a couple of questions.

The total cost that was presented just a few minutes ago was over a two year period for \$15 million.

I think that is really unclear to everybody what those costs are.

\$15 Million.

Is that coming out of the taxpayers' pocket?

Where is that money coming from?

Because the grant is 1.5 million.

5 million over 10 years with a total of 50 million?

Where is that 15 million coming from?

If you could please clear that up for the press and for the public.

You know, the banking industry that visa is a part of, visa is not part of the struggling industry, as mr. robbins had said.

And I want to put a little mats to this -- a little bit different math.

We're going to be creating 800 jobs with an average of \$113,000 per year.

That's a nice salary.

In that salary -- and that salary can afford a 430,000-dollar home because the rule of thumb is typically three times what your salary is.

You can afford a 300,000-dollar home with that salary.

And I want you guys to recall that the average home in austin is 210,000.

So why are our citizens subsidizing a bunch of people to have homes more valuable than our average?

It doesn't make any sense.

That doesn't make any sense at all.

Our average home value is 210,000 and we're going to -- you're asking us to subsidize people who can make -- who can buy a 340,000-dollar home?

That's insanity.

It doesn't work.

I want you to think about that kind of math.

We don't need our taxpayers subsidizing rich global corporations.

This is a sad day in austin that we're even thinking about this.

Austin is number one in so many categories and we've spent millions and millions of tax dollars to get there.

Why is it not good enough?

Why do we have to continue to spend more?

And I want to reiterate
please explain this
15-million-dollar cost and
where is that coming from?

Thank you.

>> Tovo: I think the
answer to your question is
that was the net cost on the
web loci analysis.

johns, that may be a
point of confusion.

Others have as well.

I wonder if you might come
up and talk a little bit
about the categories of
costs that are included in
that analysis.

And this is available on the
economic growth and
redevelopment service
website, is that right?

>> Yes.

Good afternoon, bryan
gillby.

For this and all projects we
look at the benefits, but
also the cost.

The costs associated with a
project like this include
the incentive.

They include cost to
recreation, libraries, court
system, general government,
health services, social
welfare, public safety,

water costs, electric costs
and wastewater costs.

So obviously there's a
revenue generator, but
there's also a cost so we
don't want to look just at
the positives.

We want to look at what the
costs associated with this
and every project are so
that we get to an accurate
bottom line.

>> So in other words you
assume that the workers who
would be employed at visa
will have -- will be using
the library, will be using
the recreation centers,
etcetera, so there's a cost
that you average -- that you
estimate based on that
service use.

>> That's correct.

>> Tovo: Thanks.

>> Cole: Mayor, while
you're there will you also
explain what's included in
net benefits?

>> When you look at the net
benefits as I mentioned it
is the costs that I outlined
and also the benefits that
are part of this and any
project.

That includes sales tax,
increased property taxes,
franchise fees, alcohol and
beverage tax revenues,

revenues from fines, fees,
wastewater revenues, water
revenues and electric
revenues.

>> Cole: And this is not
any of the additional taxes
from the other jurisdictions
like the county?

>> That's correct.

It's justin based financial
figures.

>> But those would also be
generated, but they're not
included in our analysis.

>> Correct.

>> Cole: Okay.

Thank you.

>> Morrison: There was one
other question that came up
robbins mentioned
that he was calculating that
it was more like \$2,000 a
job versus 2 fist.

And I think the distinction
is the 250 is per year.

>> Correct.

>> Morrison: Could you
talk a little bit about
that?

>> So the jobs are going to
be phased in over a number
of years.

The potential maximum per job would be if the job was created in year one and retained throughout that 10 year period that would be 2500 for that job.

We cap it so that we can budget accordingly, but the figure that we put at 250 is an annual basis so it also looks at retention.

>> Mayor Leffingwell:
Those are all the speakers that I have signed up wishing to speak.

So with that, council, I'll entertain a motion on item 1 to set the public hearing and consider the ordinance on the economic development program with visa, suggested time and date december 6, four p.m., austin city hall.

So moved by the mayor pro tem, seconded by councilmember martinez.

Any discussion?

Councilmember morrison.

>> Morrison: I wanted to just bring up one issue that I thought was -- we had a little bit after chance to talk about it yesterday, but it's relevant here.

And I had a chance to talk with visa folks in the chamber yesterday about this.

I would like to hear a little bit about it right now because I think it's an interesting conversation that we need to have here.

And that is inch visa is estimating that about 70% of the jobs that will be created would go to local hires.

Which is interest because we want jobs for austin people.

The other side of the coin that comes up in the high-tech realm is a little bit interesting and that is that we don't really have an over abundance of high-tech people that aren't currently employed in the city of austin.

So -- which is great for them.

But on the other hand there is a demand for high-tech people.

So in a situation like this we want to be careful that we're not necessarily promoting competition for the high-tech people in the city of austin where there's a bunch of new jobs opening that we're supporting, that we might be supporting, and it's actually creating a hardship for the existing companies because they're losing their employees to them.

And I had a good conversation about some of the ways that we're actually trying to deal with that in the city and what's going on there.

I see mr. martin back there.

I wonder if you might come down and talk a little bit about our discussion yesterday and how we're -- it's a problem everywhere.

There's not an over supply of high-tech workers pretty much anywhere in the united states.

But in particular there are some efforts to deal with that that the chamber and others are involved in.

And I wonder if you could share that with us.

>> Certainly.

Good afternoon.

Jeremy martin on behalf of the austin chamber of commerce.

And when we are working on our economic development strategy, the top two things that we hear from our companies and investors, issues that they're facing, talent development and transportation.

And with respect to talent development, we're looking at strategies across the spectrum to provide the skilled workforce that our companies need.

And that's partnering with , our school districts.

Today we had our state of education event where we recognize excellence in education.

Those that are making great strides in college readiness and making sure people finish high school and have the ability to go to some kind of post-secondary certification or direct to college.

So I'd be happy to provide additional information in collaboration with my colleague who cannot be here today because of that event.

But with specific respect to tech issues, we've identified that we do have a very skilled labor force, meaning that they can be trained up for the specific types of jobs that are necessary for high-tech.

A great liberal arts student base from the university of texas and they just need to have the computer training such as ruby on rails or other computer languages

that would make them perfect candidates for companies such as visa or the other tech employees we have in town.

>> Morrison: So the bottom line is to do some rapid training for folks that are really going to be able to step up into those jobs if they only have some very specific kills skills.

looking at our local population base and providing that targeted training so that they are able to fill the jobs not only for this company, but all of our other tech employers and our general employment base.

>> Morrison: Right.

So we're really trying to make the most of folks that we do have people here and that would mitigate the phenomenon that I just mention where had we're actually creating more competition for our existing businesses to hold on to their high-tech workers.

So you think you can dance that's really an important effort to get those in place.

And I was thinking after our conversation that there was a visit -- we made a visit to san jose in september and

heard from some of the folks
in the city there.

And one was that in their
economic development
department, and they were
talking about specifically
partnering with businesses,
when the businesses come in
and say I need this skill.

And I thought that might be
an interesting model for us
to sort of evolve to,
especially, for example, if
visa can actually identify
some very specific skills in
the interim before they even
get here to see if we
couldn't put together
quickly a class to be able
to create more of a supply
for them and some
opportunities from some
people that might not
otherwise have that
opportunity.

So I'd love to talk with
staff a little bit more
about that.

Thank you, mr. martin.

>> Thank you.

>> Mayor Leffingwell: And
I would just say I think
it's really nice to have
employers competing for
employee services instead of
the other way around.

All in favor of the motion
say aye?

Opposed say no?

It passes on a vote of six
to zero with councilmember
spelman off the dais.

So council, we've already
completed the staff
presentation, unless there
are further questions or
discussions.

Those are all the items on
our agenda.

So without objection, we